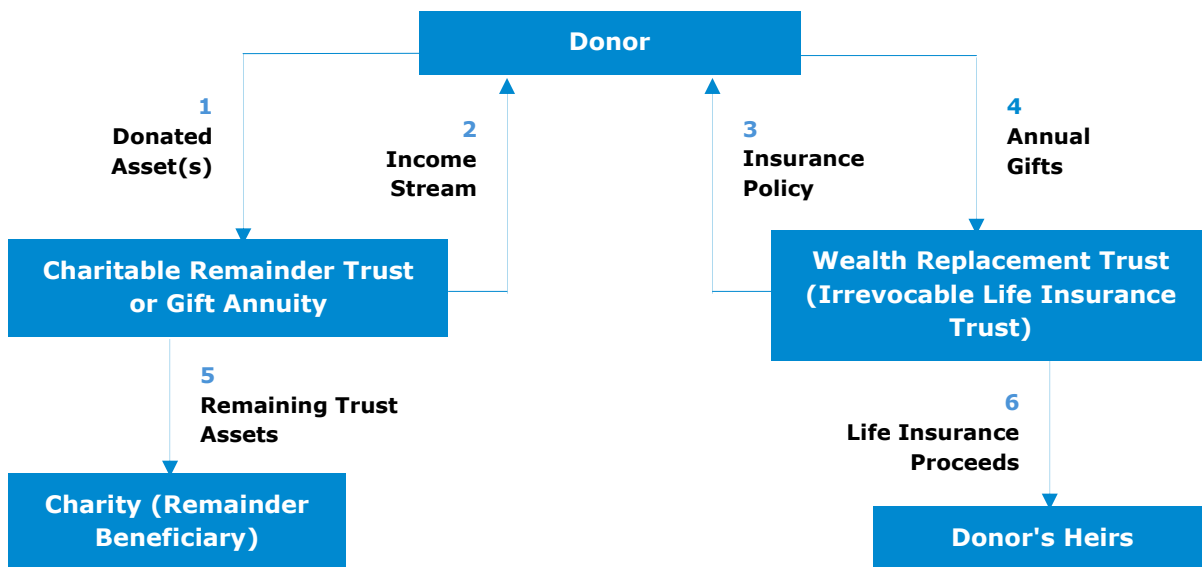


# Wealth Replacement Trust in Action

## How Does a Wealth Replacement Trust Work?



1. The **donor** transfers the donated asset(s) to an irrevocable **charitable remainder trust or gift annuity** and receives a current income tax deduction based on the value of the charity's remainder interest.
2. The **donor** receives an income stream for life or a term not to exceed 20 years.
3. The donor establishes an **irrevocable life insurance trust**, which purchases insurance on the donor's life.
4. The donor uses the income stream, together with the charitable deduction income tax savings, to make **annual gifts** to the irrevocable life insurance trust, which then pays the life insurance premiums.
5. At the donor's death, the remaining trust assets revert to the **charity** for its use.
6. The **donor's heirs** receive the life insurance proceeds, free of estate tax.